

Garden District's Security District
New Orleans, Louisiana

Annual Financial Statements
And Accompanying Reports And Information

Year Ended December 31, 2011

Table Of Contents

	Statement	Page
Required Supplementary Information (Part I)		
Management's Discussion And Analysis		2
Financial Section		
Independent Auditor's Report		7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement Of Net Assets	A	9
Statement Of Activities	B	10
Fund Financial Statements		
Balance Sheet	C	11
Reconciliation Of The Governmental Funds Balance Sheet To The Government-Wide Statement Of Net Assets	D	12
Statement of Revenues, Expenditures, And Changes In Fund Balance	E	13
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	F	14
Notes To Financial Statements		15

Table Of Contents (continued)

	Page
Required Supplementary Information (Part II)	
Statement Of Revenues, Expenditures And Changes In Fund Balance – Budget And Actual – General Fund	22
Other Reports And Supplemental Information	
Independent Auditor’s Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	24
Summary Schedule Of Prior Year Findings	26
Schedule Of Current Year Findings	27

Required Supplementary Information (Part I)

Garden District's Security District
New Orleans, Louisiana

Management's Discussion And Analysis
Year Ended December 31, 2011

Our discussion and analysis of the Garden District's Security District's financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

The financial statements included in this report provide insight into the financial status for the year. The Security District's operations increased total net assets by \$212,051, and resulted in ending net assets of \$978,279, or an increase of 27.7%.

The total spending for the governmental activity was \$736,608 for the year, which was \$212,051 less than the taxes (and interest) received for this activity, which totaled \$948,659.

The interest earned on bank accounts and funds held in custody (at the Board of Liquidation, City Debt) was \$2,771 for the year.

Overview Of The Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary and other information, including other reports and schedules by certified public accountants and management. The Security District's operations are conducted through a general fund.

Government-Wide Financial Statements

The statements in this section include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private businesses. The difference between total assets and total liabilities is net assets, which may provide a useful indicator of whether the financial position of the Security District is improving or deteriorating.

The Statement of Activities presents information showing how the Security District's assets changed as a result of current year operations. The statement is also prepared using the

Garden District's Security District
New Orleans, Louisiana

Management's Discussion And Analysis
Year Ended December 31, 2011

accrual basis of accounting. In this method, all revenues and expenditures are recognized regardless of when the cash is received or disbursed.

Fund Financial Statements

Due to the nature of organization and its present operations, the Security District uses only the governmental type of fund. The basic services of the Security District are reported in the general fund, which focuses on how money flows into and out of the Security District and the balance left at the end of the year. The revenues and expenditures of the general fund are reported (in the statement of revenues and expenses and changes in fund balance) using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information (presented in the balance sheet) helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Security District's program. We describe the relationship (or difference) between the governmental activities (reported in the Statement Of Net Assets and the Statement Of Activities) and governmental funds in reconciliations immediately following the fund financial statements.

Financial Analysis Of The Security District

Summary Statement Of Net Assets
As Of December 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
Current and other assets		
Total assets	<u>\$ 1,040,208</u>	<u>\$ 831,660</u>
Current liabilities		
Total liabilities	<u>61,929</u>	<u>65,432</u>
Net Assets		
Unrestricted	<u>978,279</u>	<u>766,228</u>
Total Net Assets	<u>\$ 978,279</u>	<u>\$ 766,228</u>

The Security District does not have any "restricted" net assets. Unrestricted net assets are net assets that do not have any limitations on how these amounts may be used or expended. As noted above, the net assets of the District increased by \$212,051 or 27.7%, from January 01, 2011 to December 31, 2011.

Garden District's Security District
New Orleans, Louisiana

Management's Discussion And Analysis
Year Ended December 31, 2011

Summary Statement Of Activities
Years Ended December 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Ad valorem taxes	\$ 945,888	\$ 760,377
Interest and other	<u>2,771</u>	<u>4,992</u>
Total Revenues	948,659	765,369
Expenses		
General government	<u>736,608</u>	<u>739,763</u>
Increase In Net Assets	<u>\$ 212,051</u>	<u>\$ 25,606</u>

The Security District's total revenues increased by \$183,290 or 23.9%. The total costs of all programs and services decreased by \$ 3,155 or 0.4%. Revenues increased due to a millage increase from 11.62 mills to 16.00 mills. Expenses decreased only slightly as the major expenses of patrol costs, insurance and administration fees remained relatively stable.

Budgetary Highlights

The original budget was amended during the year in order to revise the beginning fund balance for 2011 to reflect the actual year-end balance for 2010.

The variances between budgeted and actual amounts are summarized as follows:

Revenue – Overall favorable variance of \$111,855 or 13.4%, due to:

- Actual tax revenue had a higher collection rate than the rate estimated in the budget.

Expenditures – Overall favorable variance of \$48,707 or 6.2%, due to:

- Decrease in patrol/security costs compared to the budget as the rates for private patrol services did not increase as expected.
- Decrease in insurance, legal, contingency costs and office expenses compared to budgeted amounts.

Garden District's Security District
New Orleans, Louisiana

Management's Discussion And Analysis
Year Ended December 31, 2011

Economic Factors And Next Year's Budget And Rates

For 2012 the Security District has decreased the millage rate from 16.00 mills to 12 mills on each parcel of real property. Expenses in 2012 are expected to increase relative to 2011 as there are some anticipated increases in the patrol services hourly rate, with no anticipated significant changes to the hours patrolled on a daily basis throughout the year, with the exception of possible increases in hours for the holidays. Overall, the Security District expects that next year's results will closely reflect the budgeted amounts.

Contacting The District's Financial Management

This report is designed to provide our residents of the Security District and others with a general overview of the Security District's finances and to show the Security District's accountability for the money it received. Any questions about this report or requests for additional information may be directed to the Security District's Executive Director, Ms. Shelley Landrieu, located at 5329 Dryades Street, Unit A, New Orleans, Louisiana 70115.

Financial Section

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Commissioners
Garden District's Security District
New Orleans, Louisiana

We have audited the accompanying basic financial statements of Garden District's Security District (the Security District), as of and for the year ended December 31, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Garden District's Security District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Garden District's Security District, as of December 31, 2011, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, on our consideration of the Security District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Pedellahue & Co., LLP

June 28, 2012

Garden District's Security District

Statement Of Net Assets

December 31, 2011

Statement A

Assets

Cash	\$ 10,522
Receivables - Due from Board of Liquidation, City Debt	1,021,697
Prepaid expenses	<u>7,989</u>
Total Assets	<u>1,040,208</u>

Liabilities

Accounts payable	52,452
Other accrued expenses	<u>9,477</u>
Total Liabilities	<u>61,929</u>

Net Assets

Unrestricted net assets	<u>978,279</u>
Total Net Assets	<u>\$ 978,279</u>

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Statement Of Activities
Year Ended December 31, 2011

Statement B

Expenditures

Patrol and security services	\$ 618,805
Patrol extra (NOPD detail)	58,170
Insurance	12,825
Legal	-
Administrative fee	35,579
Accounting and auditing	6,100
Telephone, postage, and supplies	1,329
GPS monitoring and e-mail alerts	3,600
Website changes	200
Contingency	<u>-</u>

Total Expenditures	<u>736,608</u>
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Revenues

Ad valorem taxes (net of collection fees)	897,672
Prior year taxes (net of collection fees)	48,216
Interest earned	<u>2,771</u>

Total Revenues	<u>948,659</u>
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Change In Net Assets	212,051
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Net Assets At Beginning Of Year	<u>766,228</u>
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Net Assets At End Of Year	<u><u>\$ 978,279</u></u>
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The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Balance Sheet
General Fund - Governmental Fund
December 31, 2011

Statement C

Assets

Cash	\$ 10,522
Receivables - Due from Board of Liquidation, City Debt	1,021,697
Prepaid expenses	<u>7,989</u>
 Total Assets	 <u><u>\$ 1,040,208</u></u>

Liabilities And Fund Balance

Accounts payable	\$ 52,452
Other accrued expenses	<u>9,477</u>
 Total Liabilities	 <u>61,929</u>
 Fund balance	
Nonspendable - prepaid items	7,989
Unassigned	<u>970,290</u>
 Total Fund Balance	 <u>978,279</u>
 Total Liabilities And Fund Balance	 <u><u>\$ 1,040,208</u></u>

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Reconciliation Of The Governmental Funds Balance Sheet
To The Government - Wide Statement Of Net Assets
December 31, 2011

Statement D

Fund Balance - Governmental Fund (Statement C)	\$ 978,279
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Amount reported for governmental activities in the statement of net assets
(government-wide financial statements) are different because:

There are no differences noted

-

Net Assets Of Governmental Activities (Statement A)	<u>\$ 978,279</u>
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The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Statement Of Revenues, Expenditures, And
Changes In Fund Balance
General Fund - Governmental Fund
Year Ended December 31, 2011

Statement E

Revenues

Ad valorem taxes (net of collection fees)	\$ 897,672
Prior year taxes (net of collection fees)	48,216
Interest earned	<u>2,771</u>

Total Revenues	<u>948,659</u>
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Expenditures

Patrol and security services	618,805
Patrol extra (NOPD detail)	58,170
Insurance	12,825
Legal	-
Administrative fee	35,579
Accounting and auditing	6,100
Telephone, postage, and supplies	1,329
GPS monitoring and e-mail alerts	3,600
Website changes	200
Contingency	<u>-</u>

Total Expenditures	<u>736,608</u>
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Net Change In Fund Balance	212,051
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Fund Balance At Beginning Of Year	<u>766,228</u>
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Fund Balance At End Of Year	<u><u>\$ 978,279</u></u>
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The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
Year Ended December 31, 2011

Statement F

Net Change In Fund Balance - Governmental Fund (Statement E)	\$ 212,051
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Amounts reported for governmental activities in the statement of activities
(government-wide financial statements) are different because:

There are no differences.

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Change In Net Assets Of Governmental Activities (Statement B)	<u>\$ 212,051</u>
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The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Notes To Financial Statements
Year Ended December 31, 2011

Note 1. Introduction

The Garden District's Security District (the Security District) is a special taxing district created by Act 86 of the First Extraordinary Session of 1998 of the Louisiana Legislature (Louisiana Revised Statute 33:2740.38 re-designated as Louisiana Revised Statute 33:9091.2), for the purpose of promoting and encouraging the security of the Garden District in the City of New Orleans.

The Security District is governed by a Board consisting of eleven members (commissioners) who are residents within the Security District. The commissioners are appointed by certain organizations within the Security District, the mayor, and the state senator and state representative of the Security District. Commissioners are appointed on a rotating and staggered schedule of three-year terms, and serve without compensation.

The boundaries of the Security District are areas bounded by and including both sides of Carondelet Street, Jackson Avenue, Magazine Street, and Louisiana Avenue. The Security District serves over 2,500 residents and businesses and includes approximately 1,600 taxable properties.

The Security District has no employees and has contracted out the administrative function of the organization to an independent contractor that provides an office and a professional staff member.

As approved by a majority of voters of the Security District in November 1998, the operations of the Security District was funded beginning in 1999 by the imposition of a special ad valorem tax on all taxable real property within the District. The tax was renewed for eight years by a majority of the voters in November of 2002, and again in February of 2010.

Note 2. Summary Of Significant Accounting Policies

Basis of Presentation

The financial statements of the Security District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, issued in June 1999.

Garden District's Security District

Notes To Financial Statements

Year Ended December 31, 2011

Reporting Entity

The Garden District's Security District is the basic level of government, which has financial accountability and control over all affairs of the Security District related to promoting and encouraging the security of the Garden District in Orleans Parish. The Security District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) pronouncement, because the majority of Board members are appointed by the public, and said Board has decision making authority, the authority to set rates (within legally prescribed limits), the power to designate management, the ability to significantly influence operations, and has primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement No. 14, *The Financial Reporting Entity*, which are included in the Security District's reporting entity.

Fund Accounting

Due to the nature of the organization and its present operations, all revenues and expenditures of the Security District are accounted for in the General Fund, a governmental fund type. This fund is the general operating fund of the Security District. It is used to account for all financial resources of the Security District.

Basis of Accounting

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information about the Security District as a whole. These statements include all the financial activities of the Security District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange occurs regardless of when cash is received or disbursed. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Fund Financial Statements

The amounts reflected in the General Fund Statements, are accounted for using a current financial resources measurement focus. Measurement focus refers to what is being measured; basis of accounting refers to timing of when revenues and

Garden District's Security District
Notes To Financial Statements
Year Ended December 31, 2011

expenditures are recognized in the accounts and reported in the financial statements. All revenues and expenditures of the Security District are accounted for in the General Fund (a governmental fund type). Governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Reconciliation

Explanation of certain differences and the related reconciliations between the fund financial statements and government-wide financial statements are presented on pages 12 and 14.

Budget Practices

The proposed budget, prepared on the modified accrual basis of accounting, is submitted to the Board of Commissioners prior to the beginning of each fiscal year. The budget is made available for public inspection and is then legally adopted by the Board. The budget is established and controlled by the Security District, and is amended during the year, as necessary. All budgetary appropriations lapse at the end of the year and must be reappropriated for the following year to be expended.

Deposits

Cash and cash equivalents include amounts in interest bearing demand deposits. Under state law, the Security District may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

At December 31, 2011, the Security District had cash (book balances) totaling \$10,522 in interest bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2011, the Security District had \$15,252 in deposits (collected bank balances) all of which was secured by FDIC insurance or the pledge of securities.

Garden District's Security District
Notes To Financial Statements
Year Ended December 31, 2011

Investments

The Security District does not have any investments other than cash invested in an interest bearing checking account. Funds held in a custodial account of the Board of Liquidation, City Debt, are invested in money market accounts, certificates of deposit and/or full faith and credit obligations of the United States Government.

Receivables

For purposes of the government-wide financial statements, taxes receivable are shown net of an allowance for uncollectible taxes. The allowance for uncollectible taxes as of December 31, 2011 was stated at \$0.00.

Equity Classification

In the government-wide financial statements, equity is classified as net assets and displayed in one component called unrestricted net assets. Unrestricted net assets consist of net assets that are not legally segregated for a specific future use.

Governmental Fund Balances

On January 1, 2011, the Security District adopted GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds.

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes because of state or federal laws or because of constraints externally imposed by creditors, grantors, or citizens.
3. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners.
4. Assigned – amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – all amounts not included in other spendable classifications.

Garden District's Security District
Notes To Financial Statements
Year Ended December 31, 2011

Risk Management

The District is exposed to various risk of loss related to torts; and theft of, damage to and destruction of assets. To handle such risk of loss, the Security District maintains commercial insurance policies covering general liability and property insurance. There were no significant reductions in insurance coverage during the year ended December 31, 2011.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Ad Valorem Taxes

Annually, the Security District submits a plan to the City Council of New Orleans to levy and collect a special ad valorem tax, not to exceed nineteen (19) mills, on all taxable real property situated within the boundaries of the Security District.

The City of New Orleans levies and collects the special taxes for the Security District in the same manner and at the same time as all other ad valorem taxes on property subject to taxation by the City of New Orleans are levied and collected. Specifically, with regards to the Security District, the special ad valorem taxes are levied on January 1 of the current year based on assessed values as of August 15 of the prior year. Ad valorem taxes are due January 1 and become delinquent on February 1. The City is permitted to retain two percent (2%) of the amount collected as a collection fee and two percent (2%) of the amount assessed as an assessor fee.

Tax receipts are paid over to the Board of Liquidation, City Debt, day by day as collected. The Board of Liquidation, City Debt, serves in a custodial capacity for the Security District, and the funds collected are deposited in a special account until warranted by the Security District.

The Security District records the ad valorem taxes as receivables and revenues in the year the taxes become due.

Garden District's Security District
Notes To Financial Statements
Year Ended December 31, 2011

Note 4. Receivables – Due From Board Of Liquidation, City Debt

Receivables totaling \$1,021,697 at December 31, 2011, represent funds held in a custodial account of the Board of Liquidation, City Debt. These funds, which have not been warranted by the Security District as of December 31, 2011, consist of ad valorem tax collections and interest earned on funds held in custody.

Note 5. Pension Plan

The Security District has no employees and is not a member of any retirement plan.

Note 6. Litigation And Claims

As of December 31, 2011, the Security District was not involved in or aware of any pending or threatened litigation.

Note 7. Compensation Paid To Board Members

The members of the Board of Commissioners of the Security District receive no compensation for their services.

Note 8. Other Commitments And Contingencies

The Security District has a contract/security services agreement with a company that provides guard patrol services for the protection of the property and persons located within the boundaries of the Security District.

The contract with this company began in March 31, 2005 and ended on March 31, 2009, and presently is being renewed on an annual basis. Total expenditures under this contract for 2011 were \$618,805.

The Security District also has an agreement with an independent contractor that provides administrative and support services to the Security District. In November 2010, the Security District approved renewal of the contract effective February 1, 2011 with a new two-year term ending on January 31, 2013. Total expenditures for 2011 in conjunction with this agreement were \$35,579.

Note 9. Date Of Management's Review

In preparing the financial statements, the Security District has evaluated events and transactions for potential recognition or disclosure through June 28, 2012, the date the financial statements were available to be issued.

Required Supplementary Information (Part II)

Garden District's Security District
Statements Of Revenues, Expenditures, And
Changes In Fund Balance
Budget And Actual - General Fund
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>%</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Variance</u>
Revenues					
Ad valorem taxes (net of fees)	\$ 835,304	\$ 835,304	\$ 897,672	\$ 62,368	
Prior year taxes (net of fees)	-	-	48,216	48,216	
Interest earned	1,500	1,500	2,771	1,271	
 Total Revenues	 836,804	 836,804	 948,659	 111,855	 13.4
Expenditures					
Patrol and security services	630,720	630,720	618,805	11,915	
Patrol extra (NOPD detail)	63,875	63,875	58,170	5,705	
Insurance	22,000	22,000	12,825	9,175	
Legal	10,000	10,000	-	10,000	
Administrative fee	35,720	35,720	35,579	141	
Accounting and auditing	6,000	6,000	6,100	(100)	
Telephone, postage, and supplies	4,000	4,000	1,329	2,671	
GPS monitoring and e-mail alerts	6,000	6,000	3,600	2,400	
Website changes	2,000	2,000	200	1,800	
Contingency	5,000	5,000	-	5,000	
 Total Expenditures	 785,315	 785,315	 736,608	 48,707	 6.2
 Net Change In Fund Balance	 51,489	 51,489	 212,051	 160,562	
 Fund Balance At Beginning Of Year	 740,795	 766,228	 766,228	 -	
 Fund Balance At End Of Year	 <u>\$ 792,284</u>	 <u>\$ 817,717</u>	 <u>\$ 978,279</u>	 <u>\$ 160,562</u>	

Other Reports And Supplemental Information

PEDELAHORE & Co., LLP

Certified Public Accountants

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Commissioners
Garden District's Security District
New Orleans, Louisiana

We have audited the basic financial statements of Garden District's Security District (the Security District) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Security District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Security District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Security District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Security District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial will not be prevented, or detected and corrected on timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Security District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the District and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Peddahan & Co., LLP". The signature is written in a cursive, flowing style.

June 28, 2012

Garden District's Security District
Summary Schedule Of Prior Year Findings
Year Ended December 31, 2011

The Garden District's Security District respectfully submits the following schedule of prior year audit findings for the year ended December 31, 2011.

Section I – Internal Control And Compliance Material To The Financial Statements

Not applicable

Section II – Internal Control And Compliance Material To Federal Awards

Not Applicable

Section III – Management Letter

Not Applicable

Garden District's Security District
Schedule Of Current Year Findings
Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____yes X no

Significant deficiency or a combination
of control deficiencies identified not
considered to be material weaknesses? _____yes X no

Noncompliance material to financial
statements noted? _____yes X no

Section II – Internal Control And Compliance Material To Federal Awards

Not Applicable

Section III – Management Letter

Not Applicable